

Employee Perception of Appraisal and Employee Commitment in Selected Deposit Money Banks in Lagos State, Nigeria

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ABSTRACT

There is an employee productivity problem in money deposits in Nigeria. Employees are less committed to work, constantly fail to meet deadlines and procrastinate. Existing employee problems point to the fact that there is a lingering commitment problem in the workplace. On one side, growing evidence points out that the perception employees have of bank performance appraisal is affecting employees' work commitment. Banks are not achieving their desired goals of yearly enhancing productivity from their human and material resources. There are few accepted systems in place to investigate employee perception of performance appraisal systems and this has influenced turnover intentions. The most significant expression of declining productivity in the banks is poor attention to details, wasting time on meaningless activities, declining to identify with the bank mission goals, all pointing to employee commitment problem. Therefore, this paper examines the effect of employee perception of appraisal has on employee commitment in the selected money deposit banks in Lagos State. The study adopted a survey research design. The population was 4,655 employees of Access bank in Lagos and Guaranty Trust Bank (GT Bank) in Lagos. A sample size of 356 was determined using Cochran's formula. The study adopted a cluster random sampling technique. A structured questionnaire was adapted and validated to collect data from the respondents. Data collected were analyzed using descriptive and inferential (simple linear regression analysis) statistics. Findings revealed that employee perception of appraisal had significant effect on employee commitment ($R^2 = 0.649$, $F_{(1,333)} = 615.082$, $p < 0.05$ in the selected money deposit banks in Lagos State. The study concludes that employee perception of appraisal affects employee commitment of money deposit banks in Lagos State. The study recommended that deposit money banks should employ an appraisal system that is transparent to eliminate perception errors and build a social context that strategically encourages organizational citizenship behavior and employee productivity.

KEYWORDS: Money Deposit Banks, Performance Appraisal, Employee commitment

1. INTRODUCTION

Commitment is a fundamental construct and seems to be the one major first indication of unproductive employees in an organization (Osborne & Hammoud, 2017). Uncommitted employees are disastrous to an organization's sustainable success and productivity because organizations cannot perform at peak levels with uncommitted employees (Bandula & Jayatilake, 2016). Uncommitted employees just put in time in the workplace, stay away from the task, miss days on the job, drive customers away through poor service and display their dissatisfaction in counter-productive ways, which influence their co-workers negatively (Sorenson & Garman, 2013).

Employees are the "greatest asset" of any organization. In the knowledge-based economy of the 21st century, the human capital's quality is the determinant of the long-term viability and competitive advantage of any organization. In the modern world, the workforce's effectiveness governs the competency of any firm, indicating that employees are the

greatest asset for any organization (Samartha, Rajesha, Hawaldar, & Souzal, 2019). Monitoring and evaluating workers is an important activity for organizations (Capelli and Conyon, 2018).

Banks are not achieving their desired goals of yearly enhancing productivity from their human and material resources. There are few accepted systems in place to investigate employee perception of performance appraisal systems and this has influenced turnover intentions. The most significant expression of declining productivity in the banks is poor attention to details, wasting time on meaningless activities, declining to identify with the bank mission goals, all pointing to employee commitment problem. The level of commitment of employees in an organization is influenced by the degree of their feelings of relatedness to the organization and how they perceive processes, events, and perceive performance appraisal feedbacks (Stroleny, 2018). Bakhshayesh, Rahimi and

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Eftekhari (2015) affirm that employee attitudes and subsequent un-commitment to work may result from how employees perceive performance appraisals. A negative reaction toward the performance appraisals can ruin the entire performance appraisal system even if it was built meticulously (Aleassa, 2014). If employees perceive that their views are respected in the organizations as well as their welfare, they will inevitably commit to the organization (Kurtessis, Eisenberger, Ford, Buffardi, Stewart&Adis, 2017).

Unproductive employees are inefficient, they cause organizations to lose profit, impede growth and they achieve less with greater input. (Awotidebe, 2019). Performance appraisal is a strategic tool for improving employee productivity and when used correctly can be used to analyze behaviors, motivate employees, point out incentives, career development, training needs of employees that can improve productivity, and any employee productivity dimensions (Senyah, Coffie, &Adu-Pakoh, 2016). The purpose of this study therefore is to examine effect of employee perception of appraisal on employee commitment in selected deposit money banks in Lagos State.

2. Literature Review

2.1. Perception of Appraisal

Employee perception of appraisal reflects the extent to which a given organization is concerned with the welfare and future of its employees. Perception is affected by subjectivity and also influenced by some major errors that come up in the process of appraisal or evaluation (Kurtessis et al. 2017). Perception is selective or in other words, only some of the characteristics of an object or event affect a given individual while others are ignored or are of no effect (Ou, 2017) employees 'perception concerning their performance appraisal system becomes part of a larger evaluation of the effectiveness of the appraisal system of the organization. Abdelhadi et al. (2015) expressed that employee's perception of the PA plays a determinant role in the success of the PA system as they are willing to voluntarily engage in the pursuit of performance. Naotunnaand Bhadra (2016) described perceived organizational support as an employee's general belief concerning the extent to which the organization values their contributions and cares about their well-being. If employees feel that they are backed and respected by their related organization and the organization is addressing their welfare and future, they will inevitably proceed in the desired path (Kurtessis et al., 2015)

From the foregoing, the purpose of performance appraisal (PA) is to improve the contribution of employees to the achievement of organizational objectives. Also, the appraisal is designed to support and improve employee development and eliminate performance barriers (Smith, 2017). It helps employers and employees to define, communicate and revise expectations, goals, and progression in the achievement of strategic goals, however, appraisers and appraises only respond favorably to a PA system when they deem it fair and equitable.

Stroleny (2018) argued that performance appraisal's purpose affects rating processes and outcomes, and they conceived that employee attitudes may vary depending on perceptions of how the performance appraisal was used. Also, the fairness of performance appraisal systems should not be taken for granted and organizations should make provisions for justice and fairness. Management must always

bear in mind that performance appraisal systems need to be more flexible and open and this means treating all employees fairly always.

2.1.1. Employee Commitment

Organizational commitment pertains to workers' attitudes, emotions and behaviours towards their organizations (Gorgulu&Akili, 2017). Organizational commitment reflects in the attitude and loyalty of workers towards the objectives, goals and principles of their organizations. Organizational commitment is the level to which a worker is dedicated and eager to contribute to organizational productivity and success. It is the bond linking employees to their organization, and a key factor for organizational success (Fako, Nkhukhu-Orlando, Wilson, Forchheh, & Linn, 2018). Kaplan and Kaplan (2018) state that organizational commitment has developed as a fundamental idea in industrial and organizational psychology research as a result of its relationship with various other work variables such as job performance, job satisfaction, organizational citizenship behaviour, and employee turnover.

Meyer and Allen (1991) cited in Adewoyin, Opeke, Ikonne and Madukoma (2020) proposed three components of organizational commitment which are affective, continuance, and normative commitment. Affective commitment relates to how much workers want to stay at their organizations and the extent to which they feel affection for their organizations. If employees are affectively committed to their organization, it means that they desire to stay at their organization, identify with the organizational goals, feel that they fit into the organization and are satisfied with their work. Workers who feel a sense of affective commitment identify with the organization and are willing to put extra effort for the organization. In other words, affective commitment happens when a worker wants to stay with his or her organization. Continuance commitment happens when employees' assess that the benefits and profits of association with their organization continue to exceed the costs if they were to leave (Cherian, 2018). Continuance commitment is defined as a desire to remain a member of an organization because of awareness that the benefits of staying with an organization exceed the costs associated with leaving it. Continuance commitment occurs when there is a profit related with staying and a greater cost associated with leaving an organization. Continuance commitment therefore involves staying with an organization because one needs to. It relates to how much employees feel the need to stay at their organization. Normative commitment occurs when workers feel that remaining in their organizations is the right or proper thing to do. Normative commitment is built on sense of emotional obligation among employees and can result from employees' personal work philosophies and organizational socialization. Normative commitment has to do with how each employee feels about continuing to stay at the organization. Normatively committed workers feel that quitting their organizations would have negative consequences for the organization or their co-employees left behind, and feel a sense of guilt about the option of leaving. Normative commitment is often high in organizations that value loyalty. It is also high where employees regularly notice instances of the employer being committed to workers' well-being (Chiazor, Eketu&Needorn, 2018).

Commitment also entails things such as using time constructively, attention to detail, making that extra effort, accepting change, cooperating with others, self-development,

respecting trust, pride in abilities, seeking improvements, and giving loyal support. Al-Jabri and Ghazzawi (2019) organizational commitment is a major variable that influences several organizational outcomes such as employee job performance and job satisfaction, personnel turnover, and organizational citizenship behavior. Employee commitment is important because high levels of commitment lead to several favorable organizational outcomes. It reflects the extent to which employees identify with the organization and are committed to its goals. In today's competitive business environment, every organization is facing the problem of attracting and retaining competent human resources (Al-Jabri & Ghazzawi, 2019).

Employees today are increasingly self-assured of their value to employers, and would consciously choose to work for those organizations that meet the above workplace expectations (Visanh&Huaifu, 2018). Organizations that demonstrate a commitment to employees will attract and retain the desired workforce and will ultimately win the battle for the workforce share.

2.1.2. Employee Perception of Appraisal and Commitment

Mayowa-Adebara (2018) investigated the influence of leadership style, organizational justice and human capital development on employee commitment in university libraries in Nigeria and also reported moderate level of affective commitment of the surveyed library personnel. Moreso, Visanh Huaif (2018) found that the level of the organizational commitment of employees of Lao Development Bank was at a high level. This result has contradicted the works supported by Leyla et al. (2016) who found that there is no significant relationship between affective and normative commitment components and the employees' organizational citizenship behavior.

The study by Kurtessis et al. (2017) indicated that perception played a role in how appraisal was received and reaction to an organizations evaluation and proposal. In Yousef, (2017) commitment was influenced positively by the perceived fairness of performance appraisal systems and with the feeling of procedural justice, distributive justice, and interactional justice.

On the other hand, the study by Abdelhadi et al. (2015), Sharma et al. (2016), Indradevi and Veronica (2019), showed

a negative correlation between employees' perception of performance appraisal practice and organizational commitment. Furthermore, a negative reaction toward the PA can ruin the entire PA system even if it was built meticulously based on the result from Alessa (2014).

In light of the preceding, it was hypothesized that:

H₀: Employee perception of appraisal has no significant influence on employee commitment in selected money deposit banks in Lagos State.

2.2. Theoretical Review

2.2.1. Equity Theory

Adams's equity theory involves organizational justice- distributive justice, procedural justice, and interactional justice (Kim *et al.*, 2015; Worthington & Devlin, 2015). The theory states that people will be better motivated if they are handled or treated equitably and de-motivated if they are treated inequitably (Kuranchie-Mensah & Amponsah-Tawiah, 2016). It is a theory that describes relational satisfaction regarding justice perceptions of fair or unfair distribution of resources within interpersonal relationships, which has continued to remain a major concern for social scientists since the 1960s (Agyare, Yuhui, Mensah, Aidoo, & Opoku Ansah, 2016). Adams, in developing the theory, propounded that employees seek fairness regarding their contribution to an organization and what they gain in return specifically from the organization in terms of what they think other employees' contribution have been and what the organization offers in return to those employees remain unfair (Agyare *et al.*, 2016). Bobocel and Mu (2016) referred to this theory as involving people's perceptions of fairness of outcomes received from the organization (distributive justice); people's perceptions of the fairness of procedures by which decisions are made (procedural justice); and people's perceptions of the quality of information and personal treatment received from decision making agents (interactional justice).

The relevance of equity theory to this study is that it centers on the principle of justice concerning how organizations treat their employees in the workplace. It shows efforts taken by management to offset negative feelings of inequity and injustice and uphold the principle of fairness by treating all employees, especially as regards procedures, reward, decision distribution, etc. in the workplace fairly.

2.3. Research Conceptual Model

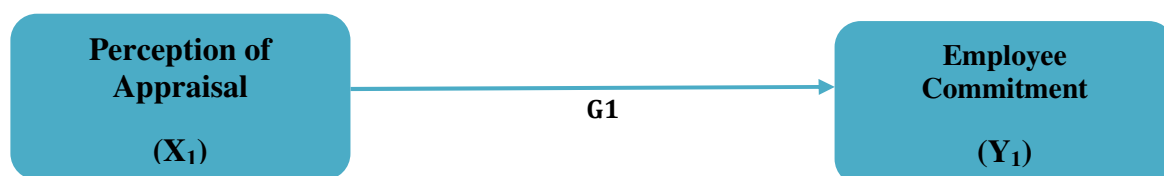


Figure-1 Conceptual Model for perception of appraisal and employee commitment

Source: Researcher's Conceptualization (2021)

3. Methodology

A cross-sectional survey research design was utilized for this study. A survey was used to measure different relationships and hypotheses with clearly defined information. A survey design is particularly useful in this case as the study sought to establish a link between the dependent and the independent variable. Primary data was sourced using a structured questionnaire was used to collate data from respondents. The population was 4,655 employees of Access bank in Lagos and Guaranty Trust Bank (GT Bank) in Lagos. A sample size of 356 was determined using were determined using Cochran's formula. The study adopted a cluster random sampling technique. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The reliability for each of these variables was ascertained at a threshold of 0.7 and above. Table 1 showed the respective Cronbach's Alpha reliability coefficient for the variables.

Table 3.2: Reliability Coefficients

	Constructs	Number of Questionnaire Items	Cronbach Reliability Coefficient
1	Employee Perception	5	0.877
2	Employee commitment	5	0.711

Source: SPSS Output

4. Data Analysis and Results

The researcher administered 356 (sample size and Attrition) copies of the questionnaire to the target respondents in the selected deposit money banks and 334 copies of the questionnaire were properly filled and returned, making a response rate of 94%. This response rate is highly satisfactory to conclude the study and was, therefore, representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate for this study was excellent.

H₀₁: Employee perception of appraisal has no significant effect on employee commitment of selected money deposit banks in Lagos State.

Table 2: Result of Simple Linear Regression of employee perception of appraisal on employee commitment of selected deposit money banks in Lagos State, Nigeria

Variables	B	T	Sig	R	R ²	Std. Error of the Estimate
Constant	2.775	6.788	.000	.806 ^a	.649	3.26565
Employee Perception Of Appraisal	.745	24.801	.000			
a. Dependent Variable: Employee Commitment				F (333,1) = 615.082		

Source: Researcher's Field Results (2021)

Table 2 shows the results of the simple linear regression analysis on the effect of employee perception of appraisal on employee commitment in selected money deposit banks in Lagos State. The results reveal that employee perception of appraisal has a positive and significant effect on employee commitment of selected money deposit banks in Lagos State ($\beta = 0.745$, $t = 24.801$, $p < 0.05$). The t-statistic was 24.801, which was more than 1.96 critical t-value. This implies that employee perception of appraisal significant effect on employee commitment. The result also shows that the R-value for the regression model was 0.806 which indicates that employee perception of appraisal has a positive and significant relationship with employee commitment of selected money deposit banks in Lagos State.

Furthermore, the coefficient of determination, R-square for the regression model was 0.649 which means that employee perception of appraisal explain 64.9% of the changes in employee commitment of selected money deposit banks in Lagos State, while the remaining could be attributed to other factors not included in the model. This imply that employee perception of appraisal can be relied on to explain employee commitment of selected money deposit banks in Lagos State. The result of the standard error of the estimate is 3.26565. This means that the variability in the prediction of employee commitment is 3.26565. Based on the regression coefficient analysis on Table 4.8, the estimated regression model is expressed as follows:

$$EC = 2.775 + 0.745EPA \dots\dots\dots \text{Eqn (4.1)}$$

Where:

EC = Employee commitment

EPA = Employee perception of appraisal

The regression model (4.1) presented above revealed that if employee perception of appraisal is at constant zero, employee commitment would be 2.775. This means that without employee perception of appraisal, employee commitment of selected money deposit banks in Lagos State would be 2.775 which is positive. The result further shows that one unit improvement in employee perception of appraisal would lead to 0.745 increase in employee commitment of selected money deposit banks in Lagos State. This implies an increase in employee perception of appraisal would subsequently leads to an increase in employee commitment of selected money deposit banks. Based on the significance of employee perception of appraisal ($\beta = 0.745$, $t = 24.801$, $R^2 = 0.649$, $p < 0.05$), the null hypothesis (H_{01}) which states employee perception of appraisal has no significant effect on employee commitment in selected money deposit banks in Lagos State was therefore rejected.

Discussion of Findings

The test of hypothesis one revealed that employee perception of appraisal has a significant effect on employee commitment in the selected deposit money banks in Lagos State, Nigeria. The finding of this study is in agreement with Mayowa-Adebara (2018) who investigated the influence of leadership style, organizational justice and human capital development on employee commitment in university libraries in Nigeria and also reported moderate level of affective commitment of the surveyed library personnel. The overall result showed that performance appraisal helps an organization position employees adequately for optimum productivity. Similarly Moreso, Visanh and Huaifu (2018) study conducted in Vientiane Capital, Lao PDR to investigate the factors affecting organizational commitment and the level of the organizational commitment of employees of Lao

Development Bank using a sample of 196 employees and primary data collected using a structured self-made questionnaire found that the level of the organizational commitment of employees of Lao Development Bank was at a high level. Employee perception of appraisal was also carried out in a health setting.

5. Conclusion and Recommendations

Based on the empirical findings obtained in the study, the researcher concludes that performance appraisal significantly affects the commitment of employees in the selected deposit money banks in Lagos State.

The study recommends that there is a need for a proper performance appraisal system in the banks to ensure transparency, integrity, and fairness on all sides. This will help to ensure that the perception that employees have of

their appraisal process is a positive one. With this in mind, they will become more committed to work processes in the organization.

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